

PRIM Board Quarterly Update

SECOND QUARTER 2017

Markets Overview and PRIT Fund Performance Summary

PRIM Executive Director and Chief Investor Officer Michael G. Trotsky, CFA, provided the following information to the PRIM Board at its August 15, 2017, meeting:

MARKETS OVERVIEW

The U.S. economy and the Eurozone have gathered momentum while slightly lower growth in China may be offset by faster growth in other emerging markets such as Brazil and Russia. Furthermore, central banks across the globe generally remain accommodative, while the United States Federal Reserve held rates steady recently, after three rate hikes since December.

Inflation remains subdued even as Gross Domestic Product growth in the U.S. rebounded to 2.6% in Q2 from 1.2% (revised) in Q1, and labor markets continue to improve -- the unemployment rate at 4.3% is the lowest in 16 years. Driving the improving GDP growth, real consumption was up 2.8% on strong consumer expenditures, business investments were up 5.2%, and equipment investment up 8%. June existing home sales fell 1.8% amid tight supply, while housing starts reached a 4-month high. Finally, S&P earnings for this earnings season have been strong, generally higher than expectations.

PRIT FUND PERFORMANCE SUMMARY

The PRIT Fund ended the fiscal year at \$67 billion, a record high. The PRIT Fund was up 13.2% (gross of fees), outperforming its benchmark by 127 basis points. On a net-of-fees basis, the PRIT Fund was up 12.8%, outperforming its benchmark by 79 basis points. Six of the seven major asset classes outperformed their benchmarks. For the first time in several years, international equities outperformed domestic equities, though all equities were up strongly. PRIM has maintained its relatively high exposure to international equities and this served us well in the fiscal year. We are especially pleased with our performance given that we have systematically de-risked our portfolio over the past several years.

For the quarter ended June 30, 2017, the PRIT Fund was up 3.8% gross, outperforming the total core benchmark of 3.0% by 81 basis points. On a net-of-fees basis, the PRIT Fund was up 3.7%, outperforming its benchmark by 69 basis point.

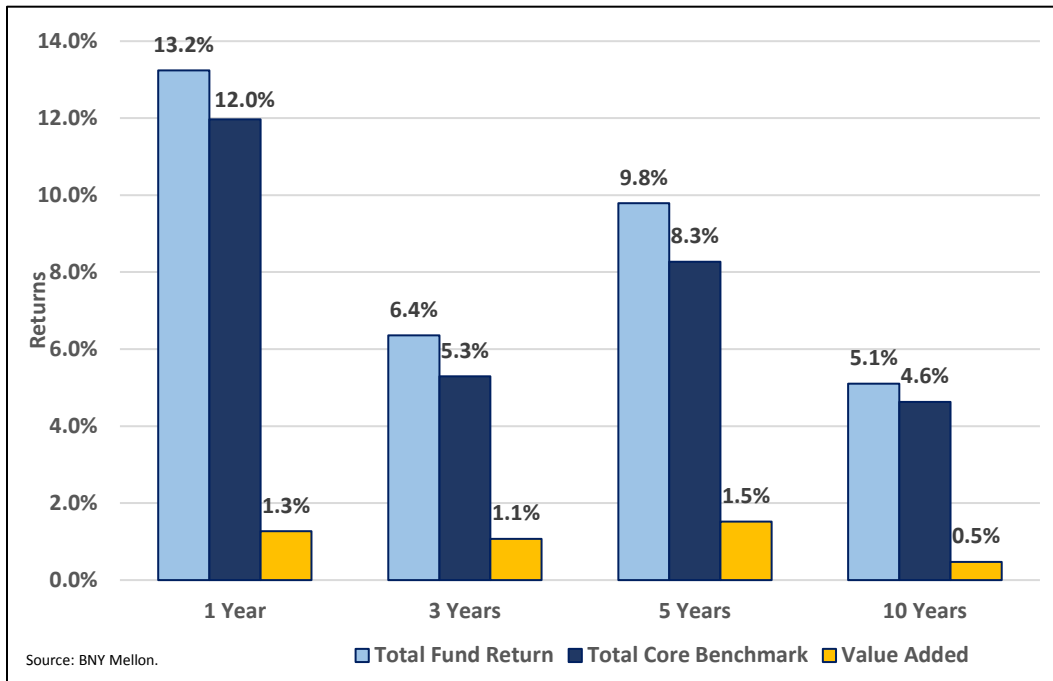
- This performance equates to an investment gain of \$2.4 billion, net of fees.
- This outperformance equates to \$449 million of value above the benchmark return, net of fees.
- Six of the seven major asset classes outperformed their respective benchmarks.

For the one-year ended June 30, 2017, the PRIT Fund was up 13.2% gross, outperforming its benchmark of 12.0% by 127 basis points. On a net-of-fees basis, the PRIT Fund was up 12.8%, outperforming its benchmark by 79 basis points.

- This performance equates to an investment gain of \$7.7 billion, net of fees.
- This outperformance equates to \$480 million of value above the benchmark return, net of fees.
- Six of the seven major asset classes outperformed their respective benchmarks.

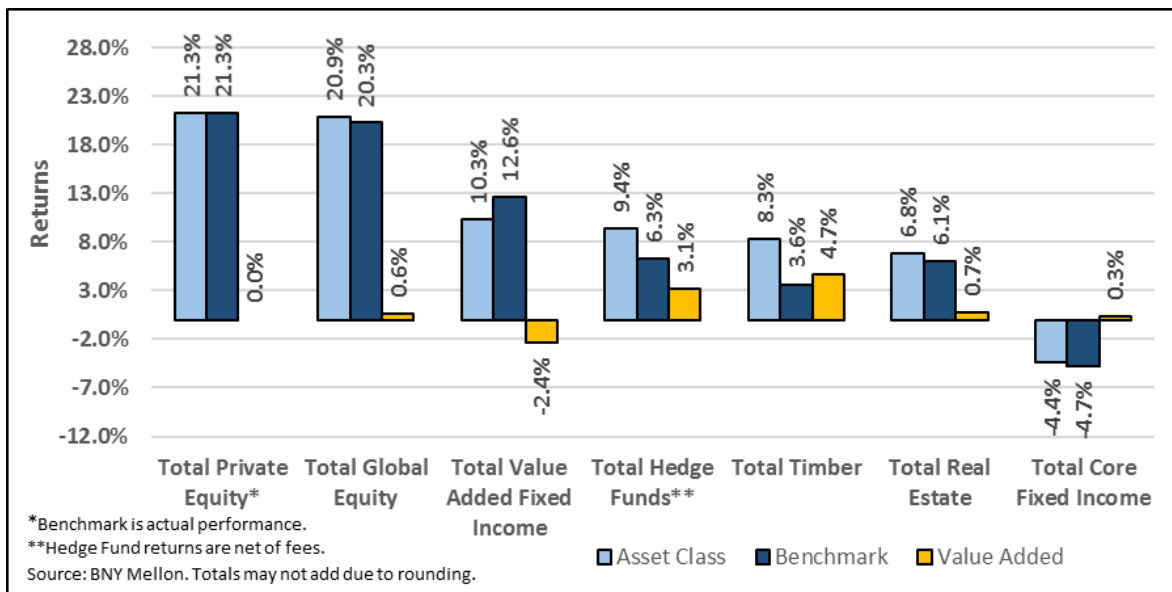
Total PRIT Fund Returns

Annualized Returns as of June 30, 2017 (Gross of Fees)



PRIT Asset Class Performance

Trailing 1-year Performance as of June 30, 2017 (Gross of Fees)



PRIT Core Fund Performance Summary

Trailing 1-Year Performance as of June 30, 2017 (Gross of Fees)

| Trailing 1-Year Performance: June 30, 2017 | Return | Benchmark Return | Over/(Under) Benchmark (bps) | \$Value (millions) | % of PRIT Fund |
|---|--------------|---------------------|------------------------------------|-----------------------|----------------------|
| Total PRIT Fund | 13.2% | 12.0% | 127 | 66,850 | 100% |
| Total Global Equity | 20.9% | 20.3% | 60 | 30,498 | 45.7% |
| Domestic Equity | 18.6% | 18.7% | (8) | 13,216 | 19.8% |
| International Developed | 20.2% | 20.4% | (16) | 12,038 | 18.0% |
| Emerging Markets | 28.2% | 23.4% | 479 | 5,243 | 7.9% |
| Private Equity | 21.3% | 21.3% | 0 | 7,092 | 10.6% |
| Real Estate | 6.8% | 6.1% | 70 | 6,048 | 9.1% |
| Total Timberland | 8.3% | 3.6% | 467 | 2,483 | 3.7% |
| Hedge Funds | 9.4% | 6.3% | 313 | 5,580 | 8.4% |
| Value Added Fixed Income | 10.3% | 12.6% | (235) | 5,403 | 8.1% |
| Core Fixed Income | -4.4% | -4.7% | 33 | 7,984 | 12.0% |

PRIT Asset Class Performance

Annualized Returns as of June 30, 2017 (Gross of Fees)

| 1 Year | 3 Year | 5 Year | 10 Year |
|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| PRIVATE EQUITY 21.3% | PRIVATE EQUITY 16.3% | PRIVATE EQUITY 17.9% | PRIVATE EQUITY 13.4% |
| GLOBAL EQUITY 20.9% | REAL ESTATE 10.3% | REAL ESTATE 11.4% | VALUE-ADDED FIXED INCOME 6.7% |
| VALUE-ADDED FIXED INCOME 10.3% | TIMBER 6.1% | GLOBAL EQUITY 11.3% | REAL ESTATE 6.5% |
| HEDGE FUNDS (NET OF FEES) 9.4% | GLOBAL EQUITY 5.4% | TIMBER 7.4% | TIMBER 6.1% |
| TIMBER 8.3% | CORE FIXED INCOME 4.7% | HEDGE FUNDS (NET OF FEES) 6.0% | CORE FIXED INCOME 5.3% |
| REAL ESTATE 6.8% | VALUE-ADDED FIXED INCOME 2.8% | VALUE-ADDED FIXED INCOME 5.1% | GLOBAL EQUITY 4.2% |
| CORE FIXED INCOME (4.4%) | HEDGE FUNDS (NET OF FEES) 2.4% | CORE FIXED INCOME 3.9% | HEDGE FUNDS (NET OF FEES) 2.8% |

PRIM DEVELOPMENTS

NEW MEMBER OF THE PRIM TEAM

Grace Mamo is PRIM Executive Director and Chief Investment Officer Michael G. Trotsky's new assistant. Ms. Mamo earned a bachelor's degree from the University of Rhode Island and worked for a Boston law firm as a paralegal, at New England Baptist Hospital helping run a nursing unit, and at the Massachusetts Eye and Ear Infirmary as a Practice Coordinator and Research Assistant.

STAFF ACHIEVEMENT

Alyssa Fiore, CFA, an Investment Analyst on PRIM's Private Equity team, earned her Chartered Financial Analyst charter by passing the third part of the rigorous three-part examination that is required in addition to sufficient professional experience. Ms. Fiore will mark her one-year anniversary at PRIM in October.

The Client Services team -- Paul Todisco, Francesco Daniele and Sam Olivier -- will continue meeting the retirement boards of PRIM's member retirement systems throughout the year. To schedule a visit, please contact Paul at ptodisco@mapension.com, Francesco at fdaniele@mapension.com or Sam at solivier@mapension.com, or call 617-946-8401. We look forward to seeing you soon.